



## A LETTER TO CREDITORS

We have heard from many clients since we filed these chapter 11 cases. We know many of you are frustrated. We understand why. You entrusted your own hard-earned assets to BlockFi, only to find your ability to withdraw them halted because of the circumstances that led to our chapter 11 filing.

At this point, our sole mission is returning as much value as we possibly can to each one of our clients. If we work together, we can maximize your recoveries.

As described in detail in the Disclosure Statement, it's clear that the primary driver of client recoveries is, and will be, litigation by, against, and related to, the entities that defrauded us—FTX, Alameda, and 3AC—along with Emergent and Marex (the entity that once held, but refused to send back, hundreds of millions of dollars in collateral pledged to BlockFi). The results of that litigation may achieve prospective high-end recoveries exceeding 90% for certain classes of claims. And as described in the Liquidation Analysis (which is included as an exhibit to the Disclosure Statement), client recoveries will be increased or decreased massively (with total swings in client recoveries **potentially exceeding \$1 billion**) depending on whether BlockFi can succeed in these litigations, so we believe they are worth taking the time to pursue.

Every other issue addressed by the proposed Plan pales in comparison in terms of the impact on client recoveries—succeeding against FTX, Alameda, Emergent, Marex, and 3AC is the most important factor for client recoveries by orders of magnitude. Simultaneously, the FTX and Alameda entities, along with 3AC, have filed their own meritless and factually inaccurate claims against BlockFi, seeking to further deplete billions of dollars in value out of the estate and away from clients.

The proposed Plan contemplates BlockFi, including the existing team, working together with the estate to advance the interests of BlockFi's clients in litigations against these parties. BlockFi's senior employees are the key witnesses in BlockFi's cases against FTX, Alameda, Emergent, Marex, and 3AC, and destroying access to these people—the only ones that can tell BlockFi's story from first-hand knowledge and experience—would be massively value destructive. We do not believe that any plan contemplating active adversity between BlockFi and those key witnesses would maximize distributions to creditors—period.

The proposed Plan is also the fastest way to return the funds currently held in Wallet Accounts back to customers, in kind, as quickly as possible. The proposed Plan will also waive all preference claims. This means that BlockFi will not waste time, effort, or money attempting to hold back assets held in Wallet, and will not initiate lawsuits to claw back any assets that were moved off of the BlockFi platform over the last several months that are currently in the possession of our clients. BlockFi does not see these options as the best way to maximize clients' recovery.

That said, we appreciate and understand the frustration that has been expressed. While we know there is mistrust by many clients, we are hopeful we can work together to confirm and effectuate our Plan, because if this Plan is not confirmed, value will be destroyed. By working together to confirm and effectuate this proposed Plan, we can avoid further value destruction and ensure that no stone is left unturned in returning as much value to creditors as is possible.

**BLOCKFI IS NOT CURRENTLY SOLICITING VOTES ON A CHAPTER 11 PLAN.**

**THE DEBTORS' DISCLOSURE STATEMENT REMAINS SUBJECT TO APPROVAL BY THE  
BANKRUPTCY COURT AND ACCEPTANCES OR REJECTIONS WILL NOT BE SOLICITED UNTIL  
THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.**